

## Section II: Revenues

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This section includes detailed information about FY2016 Projected Revenues. It includes:

- General Fund Revenue Description

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## Section II Revenues

*Town of Lexington, Massachusetts*

The summary below presents General Fund Operating Revenues, Total General Fund Revenues and Net General Fund Revenues. General Fund Operating Revenues include all revenues projected as available for use in FY2016 whose sources recur annually. Total General Fund Revenues include annually recurring and non-recurring sources of revenue. Net General Fund Revenues are Total General Fund Revenues less revenues recommended to be set-aside to fund designated expenses. In FY2016, Total General Fund Operating Revenues are projected to increase by approximately \$12.45 million, or 6.9%. Net General Fund Revenues, those available to support school and municipal operating budgets, are projected to increase by \$95 million, or 5.7%.

General Fund Revenue Summary	FY13 Actual	FY14 Actual	FY15 Recap	FY16 Projected	FY 15-16 Change	
					\$	%
Property Tax Levy (Table 1)	\$ 135,386,783	\$ 141,842,484	\$ 148,212,539	\$ 154,493,901	\$ 6,281,362	4.2%
State Aid (Table 2)	\$ 9,410,134	\$ 10,214,580	\$ 11,193,462	\$ 11,430,692	\$ 237,230	2.1%
Local Receipts (Table 3)	\$ 12,092,846	\$ 14,374,770	\$ 9,853,431	\$ 11,769,694	\$ 1,916,263	19.4%
Local Receipts not shown on Recap	\$ -	\$ -	\$ 915,952	\$ -	\$ (915,952)	-
Total Local Receipts	\$ 12,092,846	\$ 14,374,770	\$ 10,769,383	\$ 11,769,694	\$ 1,000,311	9.3%
Available Funds (Table 4)	\$ 7,249,652	\$ 12,473,510	\$ 11,012,293	\$ 15,604,229	\$ 4,591,936	41.7%
Other Available Funds - Use of Capital Stabilization Fund (Table 4a)	\$ -	\$ -	\$ 919,000	\$ 620,567	\$ (298,433)	-32.5%
Revenue Offsets (Table 5)	\$ (1,645,350)	\$ (1,644,621)	\$ (2,492,221)	\$ (1,987,549)	\$ 504,672	-20.2%
Enterprise Receipts (Table 6)	\$ 1,512,892	\$ 1,497,405	\$ 1,487,905	\$ 1,617,576	\$ 129,671	8.7%
<b>Total General Fund Operating Revenues</b>	<b>\$ 164,006,957</b>	<b>\$ 178,758,128</b>	<b>\$ 181,102,361</b>	<b>\$ 193,549,110</b>	<b>\$ 12,446,749</b>	<b>6.9%</b>
Less - Revenues Set-Aside for Designated Purposes	\$ 6,339,044	\$ 16,129,376	\$ 14,449,660	\$ 17,349,334	\$ 2,899,674	20.1%
<b>Net General Fund Revenues</b>	<b>\$ 157,667,913</b>	<b>\$ 162,628,752</b>	<b>\$ 166,652,701</b>	<b>\$ 176,199,776</b>	<b>\$ 9,547,075</b>	<b>5.7%</b>

### Detailed Description:

**Property Tax Levy:** The FY2016 property tax levy is projected to increase approximately \$6.3 million, or 4.2%. The projected levy is a function of the FY2015 levy limit increased by 2.5% per Proposition 2 1/2, plus an increment for new growth. FY2016 new growth will be a function of construction activity for the period July 1, 2014 to June 30, 2015. FY2016 new growth is estimated at \$2,500,000 based on a review of historical data on new growth. FY15 new growth was certified by the Department of Revenue at \$2,896,983.

**State Aid:** FY2016 state aid is projected to increase 2.1% from its FY2015 level. Final FY2016 state aid numbers are likely to be known in June 2015 when the Legislature adopts, and the Governor signs, the FY2016 State budget.

**Local Receipts:** FY2016 projections for each category of receipt are based on the history of actual collections and projections of 3 and 5 year historical averages, unless otherwise specified in the supplemental tables of this document. FY2016 local receipts are estimated to increase by approximately \$1,000,000 or 9.3% over FY15 gross estimates. The major contributors to this growth are an increase in the estimate for Motor Vehicle Excise of \$400,000 and a proposed \$336,000 increase in ambulance fees. Of note is an increase in payments in lieu of tax of \$43,000 of which

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Town of Lexington, Massachusetts

Revenue Summary							
						FY15-16 Change	
		FY13 Actual	FY14 Actual	FY15 Recap	FY16 Projected	\$	%
<b>Table 1: Property Tax Levy</b>							
Tax Levy		\$ 128,662,664	\$ 135,440,316	\$ 141,843,659	\$ 148,286,733	\$ 6,443,074	4.5%
Prop. 2.5%		\$ 3,217,107	\$ 3,386,008	\$ 3,546,091	\$ 3,707,168	\$ 161,077	4.5%
New Growth		\$ 3,560,545	\$ 3,017,335	\$ 2,896,983	\$ 2,500,000	\$ (396,983)	-13.7%
Override/Excess Levy Capacity		\$ (53,534)	\$ (1,175)	\$ (74,194)			
<b>Subtotal</b>		<b>\$ 135,386,783</b>	<b>\$ 141,842,484</b>	<b>\$ 148,212,539</b>	<b>\$ 154,493,901</b>	<b>\$ 6,281,362</b>	<b>4.2%</b>
<b>Table 2: State Aid</b>							
Chapter 70		\$ 7,876,799	\$ 8,657,571	\$ 9,584,428	\$ 9,824,039	\$ 239,611	2.5%
Charter School Reimbursement		\$ 18,769	\$ 12,628	\$ 1,786	\$ 20,571	\$ 18,785	####
Unrestricted General Government Aid		\$ 1,296,276	\$ 1,326,917	\$ 1,363,715	\$ 1,397,808	\$ 34,093	2.5%
Veterans' Benefits & Exemptions		\$ 156,539	\$ 147,543	\$ 169,557	\$ 127,726	\$ (41,831)	-24.7%
Offsets (School Lunch & Library)		\$ 61,751	\$ 69,921	\$ 73,976	\$ 60,549	\$ (13,427)	-18.2%
<b>Subtotal</b>		<b>\$ 9,410,134</b>	<b>\$ 10,214,580</b>	<b>\$ 11,193,462</b>	<b>\$ 11,430,692</b>	<b>\$ 237,230</b>	<b>2.1%</b>
<b>Table 3: Local Receipts</b>							
Motor Vehicle Excise Tax		\$ 4,300,549	\$ 4,695,332	\$ 3,751,289	\$ 4,500,000	\$ 748,711	20.0%
Other Excise		\$ 1,415,189	\$ 1,608,573	\$ 1,262,629	\$ 1,460,000	\$ 197,371	15.6%
Penalties & Interest		\$ 468,003	\$ 670,076	\$ 312,912	\$ 347,000	\$ 34,088	10.9%
PILOT's		\$ 539,258	\$ 535,492	\$ 499,562	\$ 589,000	\$ 89,438	17.9%
Rentals		\$ 336,836	\$ 384,180	\$ 295,071	\$ 257,230	\$ (37,841)	-12.8%
Departmental-Schools		\$ 272,741	\$ 272,741	\$ 374,132	\$ 502,000	\$ 127,868	34.2%
Departmental-Municipal		\$ 1,516,166	\$ 1,604,149	\$ 1,366,018	\$ 1,867,000	\$ 500,982	36.7%
Licenses & Permits		\$ 1,698,028	\$ 1,689,164	\$ 1,408,081	\$ 1,597,464	\$ 189,383	13.4%
Special Assessments		\$ 24,312	\$ 103,086	\$ 18,299	\$ 17,000	\$ (1,299)	-7.1%
Fines & Forfeits		\$ 335,984	\$ 376,800	\$ 307,423	\$ 345,000	\$ 37,577	12.2%
Investment Income		\$ 272,998	\$ 278,458	\$ 258,015	\$ 288,000	\$ 29,985	11.6%
Miscellaneous Non-Recurring		\$ 912,784	\$ 2,156,721	\$ -	\$ -	\$ -	
Local Receipts not shown on Recap				\$ 915,952			
<b>Subtotal</b>		<b>\$ 12,092,846</b>	<b>\$ 14,374,770</b>	<b>\$ 10,769,383</b>	<b>\$ 11,769,694</b>	<b>\$ 1,000,311</b>	<b>9.3%</b>
<b>Table 4: Available Funds</b>							
Parking		\$ 335,000	\$ 335,000	\$ 335,000	\$ 395,000	\$ 60,000	17.9%
Cemetery		\$ 105,000	\$ 105,000	\$ 105,000	\$ 105,000	\$ -	0.0%
Free Cash		\$ 6,269,024	\$ 11,650,931	\$ 9,380,309	\$ 13,108,282	\$ 3,727,973	39.7%
Health Claims Trust Fund		\$ -		\$ 1,000,000	\$ 1,858,947	\$ 858,947	85.9%
Insurance Proceeds		\$ 200,000		\$ -		\$ -	---
Transp.Demand Mgmt. Stab. Fund		\$ 85,160	\$ 90,000	\$ 88,000	\$ 137,000	\$ 49,000	55.7%
Avalon Bay School Enrollment Mitigation Fund		\$ 250,000	\$ 250,000	\$ 49,096	\$ -	\$ (49,096)	-100.0%
Balances from Prior Yr. Capital Articles		\$ 5,468	\$ 42,579	\$ 54,888		\$ (54,888)	-100.0%
<b>Subtotal</b>		<b>\$ 7,249,652</b>	<b>\$ 12,473,510</b>	<b>\$ 11,012,293</b>	<b>\$ 15,604,229</b>	<b>\$ 4,591,936</b>	<b>41.7%</b>
<b>Table 4a: Other Available Funds</b>							
Capital Stabilization Fund		\$ -	\$ -	\$ 919,000	\$ 620,567	\$ (298,433)	-32.5%
<b>Subtotal</b>		<b>\$ -</b>	<b>\$ -</b>	<b>\$ 919,000</b>	<b>\$ 620,567</b>	<b>\$ (298,433)</b>	<b>-32.5%</b>
<b>Table 5: Revenue Offsets</b>							
Cherry Sheet Assessments		\$ (813,255)	\$ (795,309)	\$ (811,754)	\$ (877,000)	\$ (65,246)	8.0%
Cherry Sheet Offsets						\$ -	---
School Lunch		\$ (24,262)	\$ (30,207)	\$ (26,514)	\$ (23,099)	\$ 3,415	-12.9%
Public Libraries		\$ (37,489)	\$ (39,714)	\$ (47,462)	\$ (37,450)	\$ 10,012	-21.1%
Overlay (abatements)		\$ (770,344)	\$ (779,391)	\$ (953,485)	\$ (750,000)	\$ 203,485	-21.3%
Snow Deficit		\$ -	\$ -	\$ (653,006)	\$ (300,000)	\$ 353,006	-54.1%
<b>Subtotal</b>		<b>\$ (1,645,350)</b>	<b>\$ (1,644,621)</b>	<b>\$ (2,492,221)</b>	<b>\$ (1,987,549)</b>	<b>\$ 504,672</b>	<b>-20.2%</b>
<b>Table 6: Enterprise Receipts</b>							
Water		\$ 665,848	\$ 818,689	\$ 789,275	\$ 898,614	\$ 109,339	13.9%
Wastewater (Sewer)		\$ 623,444	\$ 450,116	\$ 465,030	\$ 478,354	\$ 13,325	2.9%
Recreation		\$ 223,600	\$ 228,600	\$ 233,600	\$ 240,608	\$ 7,008	3.0%
<b>Subtotal</b>		<b>\$ 1,512,892</b>	<b>\$ 1,497,405</b>	<b>\$ 1,487,905</b>	<b>\$ 1,617,576</b>	<b>\$ 129,671</b>	<b>8.7%</b>
<b>Gross General Fund Revenues</b>		<b>\$ 164,006,957</b>	<b>\$ 178,758,128</b>	<b>\$ 181,102,361</b>	<b>\$ 193,549,110</b>	<b>\$ 12,446,749</b>	<b>6.9%</b>
<b>Revenues Set Aside for Designated Expenses</b>		<b>\$ 6,339,044</b>	<b>\$ 16,129,376</b>	<b>\$ 14,449,660</b>	<b>\$ 17,349,334</b>	<b>\$ 2,899,674</b>	<b>20.1%</b>
<b>Net General Fund Revenues Available for Appropriation</b>		<b>\$ 157,667,913</b>	<b>\$ 162,628,752</b>	<b>\$ 166,652,701</b>	<b>\$ 176,199,776</b>	<b>\$ 9,547,075</b>	<b>5.7%</b>

## Section II Revenues

*Town of Lexington, Massachusetts*

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\$30,000 is attributable to a \$30,000 annual payment commencing in FY15 for 20 years for solar panels in the process of being installed on the roofs of various town and school buildings.

**Available Funds:** Available Funds are projected to increase by approximately \$4.6 million or 41.7%. This increase is driven predominantly by two factors. The first is an increase in free cash of \$2.8 million from the 7/1/13 certification of \$10.3 million to the 7/1/14 certification of \$13.1 million. The second factor is the proposed use of \$1.86 million from the Town's Health Claims Trust Fund which is a portion of the balance in the fund that was the repository of employer and employee contributions when the Town's employee health insurance program was self-insured. It is proposed that this amount be used to underwrite the Town's share of FY16 GIC premiums thus freeing up \$1.86 million in the tax levy to continue progress in funding the Town's OPEB liability. The amount of the HCTF being applied in FY15 is \$1 million.

Other components of Available Funds include the proposed use of parking meter receipts, cemetery funds, and the Transportation Demand Management Stabilization Fund. Though not considered an operating revenue, another source of available funds is the proposed use of \$620,567 from the Capital Stabilization Fund to fund the ongoing mitigation of the debt service impacts of the financing of the LHS modular classrooms construction. In FY15, \$919,000 was appropriated for this purpose.

**Revenue Offsets:** Revenue Offsets are projected to decrease by approximately \$505,000 or 20.2%. Revenue Offsets represent the set-aside of a portion of projected revenues needed for particular purposes including:

- (1) components of state aid (Public Library aid and School Lunch reimbursements) that are distributed as Cherry Sheet aid, but, in fact, are categorical grants that are not available to support general fund operations;
- (2) cherry sheet assessments - estimated charges to be levied by the Commonwealth to cover the costs of state and regional services provided to the Town. Cherry Sheet Assessments assume a 3.5% increase in FY 2015;
- (3) the Assessor's Overlay account which covers the cost of abatements and exemptions granted to property taxpayers (FY15 is a revaluation year so the FY15 overlay is \$900,000. It will drop to \$750,000 in FY16, a non-revaluation year); and,
- (4) potential snow and ice deficits.

The FY16 decrease in total revenue offsets is driven primarily by 2 factors. The first is a decrease in the FY15 set-aside for the FY14 snow and ice deficit of \$653,006 to \$300,000 in FY16 to cover a prospective FY15 snow and ice deficit. The second is the decrease in the overlay account.

**Enterprise Receipts:** Enterprise Receipts are projected to increase approximately \$129,700, or 8.7% based on an updated indirect cost analysis. This category represents transfers from the water, sewer and recreation enterprise funds to the general fund to cover general fund expenditures that support the operations of the water, sewer and recreation departments. Water & Sewer Indirects were reduced by \$61,549 annually from FY07 through FY13 as per BOS vote on October 30, 2006 to bring historical levels of indirect costs in line with actual costs.

**Revenues Set Aside for Designated Expenses:** This represents components of Gross General Fund Revenues that are set aside for designated purposes. The proposed purposes are shown in the table on the next page.

# Section II Revenues

Town of Lexington, Massachusetts

Revenues Set-Aside for Designated Expenses						
		Financing Sources			Total	Notes
		Free Cash	Tax Levy	Other		
1	Set-Aside for Unanticipated Current Fiscal Year Needs	\$ 200,000	\$ -	\$ -	\$ 200,000	Reserved for appropriation at the 2014 annual town meeting to fund supplemental appropriations to the FY15 budget.
2	Other Post-Employment Benefits (OPEB)	\$ 3,247	\$ 1,858,947	\$ -	\$ 1,862,194	\$1.86 million resulting from use of Health Insurance Claims Trust Fund to fund FY16 Health Insurance
3	Cash Capital	\$ 2,419,000			\$ 2,419,000	
4	Capital Stabilization Fund	\$ 6,405,035	\$ 3,042,797	\$ -	\$ 9,447,832	To meet future capital/debt service needs. \$120,000 from the tax levy is attributable to savings in the DPF electricity budget from the installation of solar panels on the roofs of various school and town buildings.
5	Appropriate From Capital Stabilization Fund			\$ 620,567	\$ 620,567	To mitigate debt service impact of LHS Modular Buildings construction financing.
6	Street Reconstruction	\$ -	\$ 2,270,145	\$ -	\$ 2,270,145	Consistent with long-term street maintenance plan.
7	Reserve for Federal Budget Reductions	\$ -	\$ 110,000	\$ -	\$ 110,000	Set-aside to offset potential federal budget cuts that will impact School grant programs.
8	Municipal Building Envelope and Systems	\$ -	\$ 182,760	\$ -	\$ 182,760	Initially funded in 2006 override; increases by 2.5% per year.
9	Senior Tax Work-Off Program	\$ -	\$ 20,000		\$ 20,000	
10	Set-Aside for Tax Levy Support of Community Center Program (Transfer to Article 5)		\$ 216,836		\$ 216,836	
11	Subtotal	\$ 9,027,282	\$ 7,701,485	\$ 620,567	\$ 17,349,334	
12	Operating Budget	\$ 4,080,920	\$ -	\$ -	\$ 4,080,920	\$4,000,000 of Free Cash to support the FY16 operating budget.
13	Grand Total	\$ 13,108,202	\$ 7,701,485	\$ 620,567	\$ 21,430,254	
<sup>1</sup> "Other" financing source for Debt Service Mitigation is the Capital Projects/Debts Service Reserve/Building Renewal Stabilization Fund.						